

they can withdraw their security and authorize the bank to call in the loan. The losses on cash credits have been trifling throughout the entire history of Scotch banking. Cash credits have been granted to manufacturers and large employers and to the trustees of great public works, as well as to young men setting up in business and to farmers desiring money in anticipation of the sale of their crops. Many distinguished Scotch manufacturers have testified that the system of cash credits was the foundation of their success in life. Mr. Monteith, a member of Parliament who testified before the Committee of the House of Commons in 1826, declared that he was then a manufacturer employing 4000 hands and that, except for the merest trifle of capital which was lent to him, and which he soon paid off, he began the world with nothing but a cash credit. The testimony before the same committee showed that upon one cash credit of £500 there were operations to the amount of £70,000 in a single year, and one witness stated that during twenty-one years in a country bank of moderate size operations took place to the amount of £90,000,000 and that there had been but one loss of £200 on a single account and that the whole loss of the bank during the entire period did not exceed

£200. *

VI. The confidence which has been produced among the Scotch people in the system of a banking currency as maintained by their banks was illustrated in a remarkable manner at the time of the failures of the Western Bank in 1857 and the City of Glasgow Bank in 1878. The run upon the Western Bank began on Tuesday, October 13, 1857, and continued for three days, but during that entire period the bank paid away only about £36,000, in coin, and for the entire month from October 13th to November 7th only £44,000. Deposits were drawn out to the amount of £1,280,000, but in nearly every case the depositors were willing to accept the notes of the bank and when it suspended operations the notes in circulation were still £720,000. The heaviest pressure upon the bank came after

¹ MacLeod, *Theory and Practice of Banking*, L, 347.